

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of	)	
	)	
HAWAIIAN ELECTRIC COMPANY, INC.	)	Docket No. 2015-0389
HAWAII ELECTRIC LIGHT COMPANY, INC.	)	
MAUI ELECTRIC COMPANY, LIMITED	)	
	)	
For Approval to Establish a Rule to	)	
Implement a Community-Based Renewable	)	
Energy Program, and Other Related Matters.	)	
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JOINT COMMENTS ON IMPLEMENTING PHASE 2 OF COMMUNITY-BASED  
RENEWABLE ENERGY PROGRAM

AND

CERTIFICATE OF SERVICE

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I. INTRODUCTION

Pursuant to the Commission’s letters dated July 3 and August 12, 2019, Blue Planet Foundation, Hawai‘i PV Coalition, Hawai‘i Solar Energy Association, Life of the Land, Renewable Energy Action Coalition of Hawai‘i, Inc., The Alliance for Solar Choice, and Ulupono Initiative LLC (collectively, the “Joint Parties”) respectfully submit the following comments on implementing Phase 2 of the Community-Based Renewable Energy Program. The Joint Parties appreciate the initiative of the Commission to establish its comprehensive CBRE Program Framework (“CBRE Framework”), Attachment A to Decision and Order No. 35137, filed on December 22, 2017 (“D&O No. 35137”), as well as the work of the HECO Companies and the Independent Observer (“IO”) to implement the initial launch and progress of Phase 1 of the CBRE program. In the Joint Parties’ perspective, the status reports of the Companies and the IO offer some encouragement in the initial forward steps for the program, but more opportunities

for overall improvement, particularly to more “dramatically” accelerate and expand the CBRE market in Hawai‘i, as Act 100 mandates.<sup>1</sup> In general, the parties and Commission must focus attention and efforts on improving the value proposition for CBRE and removing or avoiding burdens that increase delays, costs, and risks—rather than reducing the compensation or adding obstacles to a fledging program that already faces ample challenges. The Joint Parties, in short, encourage the parties and Commission to *open up* the CBRE program much more purposefully and ambitiously to enable it to grow beyond the current boutique, specialized offering into a fully realized market that can meet the undeniable customer demand for such options.

That said, the Joint Parties do not believe that the necessary improvements to the CBRE program require or justify a major reboot or overhaul of the Commission’s established CBRE Framework. On the contrary, a major midstream course shift may do more harm and seriously set back the market by imposing delays, upsetting expectations and certainty, and creating confusion.

Many of the specific “lessons learned” in Phase 1 are amenable to discrete solutions. For example, the inefficiencies caused by the lack of a site-control requirement was a simple oversight that can be readily fixed by including such a requirement,<sup>2</sup> consistent with other programs such as the Feed-In Tariff (“FIT”). Even the reports that the initial round of projects are geared toward commercial customers are natural and expected based on the progression of similar programs elsewhere, where the market initially gains experience and achieves scale by serving more easily acquired larger-scale customers, then progresses to a broader customer base

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<sup>1</sup> 2015 Haw. Sess. L. Act 100, § 1 at 250.

<sup>2</sup> See Interim Report of the Independent Observer at 21, filed on July 12, 2019 (“IO Report”).

including residential subscribers. On this and other related issues, such as the need to promote diversity in project types and sizes, the Joint Parties recommend a simple and straightforward solution, adopted in programs elsewhere, of providing *incentives* such as credit rate “adders” to support the development of the CBRE marketplace.<sup>3</sup>

Some of the Joint Parties have begun engaging in conversations with the HECO Companies to share information and explore potential areas of common ground. These conversations have indicated generally shared goals to expand the CBRE program and specific opportunities for potential collaboration (such as proactive ways to enhance marketing and outreach efforts). They have also indicated areas of more basic divergence on approaches, many of which have continued throughout this proceeding in various forms from the outset. These issues such as credit rates and RFP mechanisms have been extensively argued for years and resolved in the Commission’s CBRE Framework, and the Joint Parties pointedly do not wish to replay these controversies in yet another protracted process for Phase 2. Ultimately, the Commission must decide the best way to move forward to enable the necessary and mandated acceleration of the CBRE program, with minimum delays and disruption. The Joint Parties offer the following comments toward that overall goal.

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<sup>3</sup> As the Joint Parties have maintained in this proceeding, providing incentives for serving harder-to-reach customer segments are preferable to prescribing requirements such as quotas, which add extra costs to projects and tend to produce compliance only at the minimum mandated levels.

## II. COMMENTS ON IMPLEMENTING PHASE 2

### A. Credit Rates

Based on consultations with potential CBRE developers based in Hawai‘i, the credit rate has ranked as a top concern and hurdle to participation in the program; that is, the credit rates do not appear sufficient to move the market, particularly at the smaller “community-scale” project sizes that the CBRE program seeks to promote and that locally-based developers are best positioned to provide. Given these ongoing challenges in developing a Hawai‘i CBRE market, the Joint Parties do *not* support fundamentally reshuffling the Commission’s ordered CBRE compensation framework in Decision & Order No. 35137, and they particularly *oppose* proposals to reduce the compensation rates, which will further burden what already appears to be a challenging value proposition. The credit rate issue was already extensively litigated in this proceeding, and major midstream course shifts, particularly in the negative direction, will impose further delays, undermine continuity and certainty in the program, and send the wrong signals to the marketplace.

Rather, to spur the development of a CBRE market and promote further diversity in the CBRE program<sup>4</sup>—specifically more participation by residential customers and more availability of smaller-scale projects (which interests may be somewhat related)—the Joint Parties recommend the following simple and straightforward *incentives* in the form of specific credit rate adders to the CBRE Phase 2 compensation structure:

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<sup>4</sup> See Act 100 § 1 at 250 (finding that CBRE “should, to the extent possible, . . . accommodate a variety of [CBRE] projects, models, and sizes”); D&O No. 35137 at 74 (“A vibrant CBRE market should include business model diversity and innovation, as well as accommodate a variety of ownership structures.”).

- Adder for residential subscribers

In November 2018, the Minnesota Public Utilities Commission approved a 1.5 cent per kWh credit rate adder for residential subscriber credits.<sup>5</sup> Minnesota’s experience with community solar sets a national gold standard for developing a robust CBRE program, which initially gained its footing by serving commercial and institutional customers, but is now also extending to residential customers. In its 2018 Community Solar Operations Report, Xcel Energy reported that Minnesota’s program structure had led to “approximately 12,300 total unique Xcel Energy retail customers subscribing to an operational [community solar garden],” with “7 percent commercial and 93 percent residential” subscribers.<sup>6</sup> The need for a residential adder arose after the Minnesota community solar program switched its credit structure from the “applicable retail rate” to a “value of solar” compensation approach.<sup>7</sup> The Commission explained:

In considering whether to adopt an adder, the Commission is mindful of the importance of the Legislature’s policy goal to enable the creation, financing, and accessibility of solar gardens. Doing so requires thoughtful consideration of how to establish incentives while minimizing corresponding program costs. Balancing these interests facilitates successful outcomes and furthers the public interest. The record in this case demonstrates that the costs of obtaining and serving residential subscribers are higher than other subscribers. The record also demonstrates that an adder is reasonably likely to both incentivize continued development of gardens

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<sup>5</sup> See Order Adopting Adder and Setting Reporting Requirements, issued on Nov. 16, 2018, at 9 (Minn. PUC Docket No. E-002/M-13-867) (“Minnesota Order Adopting Residential Adder”) (“The Commission hereby adopts a 1.5 cent per kWh residential adder for the value of solar bill credit rate for a two-year term. . . . Once the adder is attached to a garden application, it will apply to all residential subscriptions in that garden over the 25-year life of the garden, commencing at the date of operation.”).

<sup>6</sup> Xcel Energy 2018 Annual Report, Community Solar Gardens Program, filed on April 1, 2019, at 19 (Minn. PUC Docket No. E002/M-13-867).

<sup>7</sup> See Minnesota Order Adopting Residential Adder at 3.

that include residential subscribers and prevent an abrupt halt to such subscriptions.<sup>8</sup>

The Minnesota residential adder is available to community solar applications submitted over the next two years, at which time its effectiveness will be re-evaluated.<sup>9</sup> The Joint Parties recommend that Hawai‘i adopt a similar approach for launching a robust market for residential CBRE subscriptions.<sup>10</sup>

- Adder for low-income subscribers

The Commission can and should also offer an additional incentive for serving low-income residential subscribers,<sup>11</sup> which may substantially overlap with customer segments such as multi-family housing residents and renters for whom CBRE is the only avenue to adopt

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<sup>8</sup> *Id.* at 8. The Minnesota PUC’s Staff Briefing on this issue recounted further details about the necessity for a residential adder after Minnesota switched to a value of solar credit rate for community solar. These included higher transaction costs and longer development timelines for projects involving many residential subscribers (compared to projects with just a few commercial subscribers), financing barriers, and the public interest in ensuring that community solar serves a diverse subscriber base, including low-income subscribers and residential subscribers who cannot utilize roof top solar. *See* Staff Briefing Papers, filed on Oct. 3, 2018, at 10-14 (Minn. PUC Docket No. E-002/M-13-867) (“Minnesota PUC Staff Briefing”).

<sup>9</sup> *See* Minnesota Order Adopting Residential Adder at 8.

<sup>10</sup> Act 100, codified in Haw. Rev. Stat. § 269-27.4, empowers the Commission to adopt credit rates “designed to provide fair compensation for electricity, electric grid services, and *other benefits* provided to or by the electric utility, participating ratepayers, and non-participating ratepayers.” (Emphasis added.) Based on the legislature’s intent expressed in Act 100, “other benefits” may include considerations of “mak[ing] the benefits of renewable energy generation more accessible to a greater number of Hawaii residents,” “promot[ing] broader participation in self-generation by Hawaii residents and businesses,” and “dramatically expanding the market for eligible renewable energy resources.” Act 100 § 1 at 250.

<sup>11</sup> Initially, the Joint Parties note that the definition of “low to moderate income,” depending on the metric, can sweep fairly broadly in Hawai‘i and could include “moderate” income customers that are served by the competitive DER marketplace. The Joint Parties thus propose directing this CBRE incentive toward a carefully defined class of truly underserved “low income” customers. *See also* discussion *infra*, regarding the definition of “LMI” customers for purposes of utility-sponsored projects.

renewable energy. Other jurisdictions are similarly taking steps to increase solar access for such customers. For example, Massachusetts provides an incentive payment to community solar project owners with its Solar Massachusetts Renewable Target (SMART) program targeted to low-income residents.<sup>12</sup> In July 2019, the California PUC launched its Solar on Multifamily Affordable Housing program to incentivize low-income solar.<sup>13</sup> Providing a low-income subscriber adder in the Hawai‘i CBRE program directly promotes this market, fulfills the specific purposes of CBRE law and policy, and cannot conceivably be challenged as an “unfair” subsidy to such disadvantaged customers.

- Adder for small (<250 kW) projects

The simplicity of Minnesota’s adder approach can also be used to promote Phase 2 facility size diversity and ensure sufficient footing for a CBRE market for smaller, community-scale projects. The Joint Parties highlight that smaller projects will more likely be developed by locally based interests, which fosters diversity in the market and industry and enhances the benefits to the local economy and communities. But the costs of navigating the CBRE application and development process, as well as acquiring and engaging subscribers,<sup>14</sup> pose substantial barriers to developing smaller projects in Phase 2. The Joint Parties recommend offering a credit rate incentive to make the development of a smaller-scale CBRE market more

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<sup>12</sup> See Minnesota PUC Staff Briefing at 16.

<sup>13</sup> The California PUC approved this “SOMAH” program in Decision D.17-12-022 on December 14, 2017. Although not a community solar program, SOMAH’s goal of spurring solar development on multi-family affordable housing mirrors similar goals in Act 100, and reinforces the wisdom in creating special mechanisms for low-income residential ratepayers.

<sup>14</sup> Cf. IO Report at 12, filed July 12, 2019 (“Developing and marketing a community solar project requires additional skills and capabilities not required for developing utility-scale solar projects with a single off-taker.”).

viable. Specifically, all subscribers in a project with capacity of 250 kW<sup>15</sup> or less should be eligible for a “small facility adder,” and this adder would apply in addition to other applicable adders such as the residential and low-income adders. Like the residential adder in Minnesota, this small facility adder should be offered for CBRE project applications received during a fixed period of time to allow the market to develop (e.g. for the next two to three years). Progress on market diversification can then be evaluated, and the value of the adder can be adjusted on a going forward basis.

- Curtailment protections and proposed Renewable Dispatchable Generation approach

For the same reasons that the Joint Parties support maintaining the Commission’s Phase 2 credit rate structure with supplemental “adders,” the Joint Parties also propose continuing the Phase 1 compensable curtailment policy for Phase 2 CBRE projects. The Commission should not discourage CBRE projects with curtailment burdens and risks while the program remains in its initial development phases. Moreover, since the Commission designed Phase 2 credit rates to promote export to the grid outside of mid-day hours, curtailment should be less of a concern for Phase 2 projects.

The Joint Parties are open to the HECO Companies’ proposal to adopt for the CBRE program the renewable dispatchable generation (“RDG”) compensation approach that the Companies have developed for their recent utility scale RFP process. The Companies, however,

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<sup>15</sup> The proposed 250 kW measure is proposed to delineate “small” CBRE projects based on the Commission’s facility-size tiers in its proposed program framework, and based on the 250 kW cut-off for projects seeking various waivers in the approved program framework. *See* Order No. 34388, filed on February 10, 2017, at 41; CBRE Framework at 9 (“The Independent Observer (‘IO’) may waive this provision for Subscriber Organization-applicants, proposing systems under 250 kW, that meet specific criteria.”).

are still fleshing out the details of this RDG option for CBRE, and review and input by the parties and a final decision by the Commission on such a novel approach for CBRE will take time. The CBRE program should not pause in the meantime, which would create confusion and a chilling effect on the market; rather, the program should promptly move forward with the Phase 2 rates and adders described above.

If and when the RDG compensation structure is ready for implementation, the Joint Parties would be open to it being offered as an *additional* option to the Phase 2 credit rates in the Commission's CBRE Framework (plus the proposed adders), rather than a replacement for that option. At this nascent stage of the CBRE program, it is not possible or advisable to prejudge a single best option, and providing both options would promote diversity and choice and let the market decide. In the DER docket, for example, the Commission has provided two interim options of Smart Export, which offers time-based compensation rates to encourage next-generation systems with storage, and Customer-Grid Supply Plus, which offers a simple flat rate but is subject to curtailment by the utility. While these options are not perfectly analogous, similar principles should apply to the CBRE context and allow more than a single option at least during this developmental period for the market.

B. Program Size

The other expressed main concern and obstacle to broader market interest in the Hawai'i CBRE program is the limited total program capacity (only 72 MW combined for Phase 1 and 2), which makes it difficult or impossible for companies to justify investing in the Hawai'i market. Thus, the Joint Parties appreciate and support the HECO Companies' suggestion of substantially increasing the CBRE program capacity to 235 MW—with two caveats. First, the Companies have indicated a proposed timing for this capacity amount of the next five years. To clarify, the

Joint Parties recommend that the total 235 MW be available from the outset, and that if the market response exceeds 235 MW within five years, then the Commission further expand the program capacity. Second, the Companies suggested that it derived this 235MW from a projected shortfall in customer-installed DER over the five-year timeframe. The Joint Parties emphasize that this allocation should not justify future restrictions on customer DER; that is, they do not support a proposition of one DER customer option “cannibalizing” another.

This proposed expansion in CBRE program capacity can and should be combined with a process for periodic (e.g., yearly) check-ins to allow any prospective adjustments on a prospective basis. In the alternative to the 235 MW expansion, the Commission could also simply remove the cap on the CBRE program, while providing for periodic reviews and any necessary adjustments as stated above.

As the Joint Parties have consistently emphasized, the CBRE program must offer ample, sustained market opportunities to justify prospective participants investing in the Hawai‘i market. Moreover, the Companies have recognized the broad-scale renewable development necessary to meet Hawai‘i’s ambitious renewable mandates and are pursuing ambitious efforts to procure renewable resources in the near-term timeframe while tax credits are still available. Now is not the time, therefore, to continue incrementalist, bottlenecked approaches to building the CBRE market. The Commission should lift artificial restrictions on program capacity to invite broader participation and enable a proper test of market interest. Indeed, the leading Minnesota program has adopted such an open approach without capacity limits, which has been credited as a prime reason for its success.<sup>16</sup> Act 100 envisioned the CBRE program

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<sup>16</sup> See Order Adopting Partial Settlement as Modified, issued on Aug.6, 2015 (Minn. PUC Docket E-002/M-13-867) (noting that “generally, there are to be no limitations on the

“dramatically expanding” market access for renewable energy, *id.* § 1 at 250, and Phase 2 must respond accordingly.

C. Project Sizes

Along with an increase in the program capacity, the Joint Parties support an increase in project size limits. Allowing larger project sizes will open up broader market opportunities and also enable projects to capture greater economies of scale. The Joint Parties suggest increasing the size limit to 10MW on O‘ahu and 5 MW on neighbor islands as a minimum starting proposition.

In suggesting this increase, however, the Joint Parties maintain the fundamental reservations that they have repeatedly expressed against imposing an RFP process in the CBRE program, which heightens the complexity and costs of participation, is uncondueive to building a new program, and is simply unworkable for smaller, community-scale developments. The Joint parties particularly oppose lumping smaller, community-scale projects together with utility-scale projects in a consolidated competitive process, which disadvantages smaller-scale projects and works against the program’s diversity goals.

Moreover, to ensure diversity in project sizes and types, any substantial increase in allowable project sizes should be accompanied by a carve out of total program capacity for smaller projects (e.g., <250kW). Prior practice (e.g., the FIT program) supports such an

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number or cumulative generating capacity of solar gardens” and citing Minn. Stat. § 216B.1641(a)). John Farrell, Director of the Energy Democracy Initiative at the Institute for Local Self-Reliance, and a recognized expert on community solar policy design, has commented: “Minnesota’s program is a comprehensive approach that makes developing community solar projects economically viable—and most importantly—that *does not cap the development of community solar projects. The latter is key.*” See Institute for Local Self-Reliance, Why Minnesota’s Community Solar Program is the Best, <https://ilsr.org/minnesotas-community-solar-program/> (updated July 23, 2019) (emphasis in original).

accommodation. Such a carve out should remain flexible so that the amount can be adjusted based on market responses to avoid any program capacity going unused.

D. Solar-Plus-Storage Options

At the beginning of Phase 1, the Joint Parties reported market interest in including battery energy storage systems (“BESS”) as part of CBRE projects. While the Commission declined to allow this option during Phase 1, it specified that “[t]he incorporation of BESS with CBRE facilities will be a high priority focus for the commission in Phase 2.”<sup>17</sup> Indeed, the Commission’s CBRE Framework plainly contemplates the deployment of such technologies, by providing for time-based credit rates and a “peaker” rate to encourage the deployment of more advanced, grid-supportive projects.

The Joint Parties again emphasize that enabling solar-plus-storage projects can only promote mutual benefits by: improving the quality and reliability of power output; spreading the kWh output over time to avoid circuit capacity constraints; improving the project value proposition by allowing increased aggregate kWh output over a longer period; avoiding curtailment risks by storing instead of wasting excess energy; and deploying state-of-the art technology capable of providing more advanced grid services. Phase 2 should open the way for such projects without roadblocks and red tape.

Precisely to this point, the Joint Parties are concerned about how the HECO Companies intend to “count” the nameplate capacity of CBRE solar-plus-storage projects, for both allocating program capacity, and conducting the interconnection process. In the DER proceeding, the Companies caused substantial controversy by simply “stacking” the nameplate capacities of both

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<sup>17</sup> See Order No. 35560, filed on June 29, 2018, at 31 (“Order No. 35560”).

the solar panels and the batteries, on the assumption that both would simultaneously export to the grid at their full capacities—contrary to the intended and any realistically contemplated operation of the system.<sup>18</sup> Such an approach would arbitrarily slash the total program capacity amount and impose heightened interconnection barriers for advanced projects that should actually mitigate interconnection concerns.

In the DER context, the Companies have adopted an approach of counting the “program system size” for purposes of allocating program capacity based on the nameplate capacity of the solar panels only. Moreover, parties have proposed an approach of counting the “technical system size” for interconnection purposes based principally on the maximum export allowed by the system’s technological controls (e.g., BESS inverters that regulate the maximum exports at any given time).<sup>19</sup> The Joint Parties propose that a similar sensible and workable approach be adopted for CBRE projects without any further delays and hardships.

E. Project “Carve Outs” For CBRE

During the course of this proceeding, and again during the Commission’s recent technical conference, proposals have been raised to allow utility-scale projects to “carve out” a portion of their project capacity for participation in CBRE and subscription by CBRE customers. The Joint Parties support this proposed option, and the HECO Companies also appeared receptive to it. Such an option offers mutual benefits: based on industry feedback, customers have expressed significant interest in CBRE, and larger-scale projects could leverage economies of scale to

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<sup>18</sup> The Joint Parties understand that the Companies are imposing a similar approach on utility-scale projects.

<sup>19</sup> Other states are also moving toward such an approach that recognizes the actual design and operation of the solar-plus-storage system.

increase available CBRE capacity to help meet this demand. At the same time, utility-scale projects could facilitate community engagement and support by allowing opportunities for CBRE participation as a part of the community benefits.<sup>20</sup>

The Joint Parties, however, emphasize that such “carve out” opportunities for CBRE should not be limited only to utility-scale projects, but should be allowed for renewable projects of *all* sizes, from rooftop to utility-scale (so long as the CBRE carve-out portion otherwise complies with the CBRE rules). Meeting Hawai‘i’s renewable goals in general and the CBRE program in particular will require a massive scale-up in installations that is anticipated to include use of all available rooftop space. This will require creative and flexible approaches to maximize beneficial use of available space, and this proposal of allowing portions of renewable installations to participate in CBRE would provide one helpful solution.

F. Interconnection

Any efforts to boost the CBRE program must also address the interconnection process. Delays and costs incurred for required studies and upgrades only undermine the already tenuous bottom line for such projects. Haw. Rev. Stat § 269-27.4(c)(4) (Act 100) provides that a CBRE tariff shall “[t]o the extent possible, standardize[] and streamline[] the related interconnection processes for [CBRE] projects.” The Joint Parties, however, are particularly concerned that “community-scale” CBRE projects may fall into a limbo of being too big to avoid substantial interconnection obstacles, yet too small to absorb the extra costs.

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<sup>20</sup> The Joint Parties believe that any capacity dedicated to CBRE via this approach should *not* count against CBRE capacity caps, because such capacity would already be accounted for in utility-scale planning and procurement process.

The HECO Companies have reported that almost all of the Phase 1 proposed projects have triggered a requirement to conduct an IRS. It remains to be seen how this will affect these projects' timely progress and ultimate viability.

D&O No. 35137 directs that “[f]or Phase 1, CBRE projects will enjoy priority for available hosting capacity.” *Id.* at 65. It is unclear much of a benefit this has provided in practice. The HECO Companies have explained that CBRE projects are given priority over the subset of projects that have not yet proceeded to an IRS, but are not allowed to “leapfrog” projects in the IRS process, which would unfairly add delays and costs for those projects. While the Joint Parties acknowledge that such challenges can stem from a “zero sum” approach to interconnection, they encourage the utilities and Commission to explore more proactive solutions for CBRE (and all) projects. Such efforts should extend beyond simply publishing Locational Value Maps, which offer only rough guides with limited concrete value to the developer community.

For example, the utility could conduct integrated distribution planning to anticipate increased needs for “hosting capacity” and reserve capacity for CBRE. The Commission could require expedited interconnection for CBRE projects, analogous to the benefits provided to Customer Self Supply customers; or restrict the amount of interconnection costs that can be imposed on CBRE projects, analogous to the protections provided to Net Metering customers.

Finally, the Joint Parties reemphasize the need to ensure realistic and accurate counting of solar-plus-storage projects for interconnection purposes. As stated, the Companies' practice of stacking the capacity for both solar and storage components distorts the actual impacts of such projects and paradoxically increases the burdens and obstacles against more advanced projects that can help mitigate impacts and enhance benefits to the grid.

G. LMI Definition for Utility CBRE Participation

The general intent of utility participation in CBRE is to address communities inadequately served by the DER, energy efficiency, and non-utility CBRE marketplaces. *See, e.g.,* D&O No. 35137 at 87 (noting that “the HECO Companies are well-positioned to identify and reach LMI customers that may be interested in CBRE program participation.”). However, an overly broad definition of LMI for the purpose of determining eligibility for utility CBRE projects would ignore that many “moderate-income” customers are being served by a competitive DER marketplace. Customers who are "property-rich, cash-poor" have options, including third-party financing, to assist in adopting cost-effective DERs. In fact, the relatively high penetrations of distributed rooftop solar in Hawai‘i would not exist without the active participation of moderate-income residents. As the Commission has noted, the utilities' “full participation in customer choice program such as CBRE” implicates “unique issues.” *Id.* at 87.

The Joint Parties strongly support efforts to reach underserved communities, and thus continue to support focusing utility CBRE efforts on low-income customers. To define "LMI" for this purpose of utility participation, the Joint Parties support the working definition provided in the CBRE Framework: “Currently qualifies and/or participates in the Low-Income Home Energy Assistance Program (‘LIHEAP’).” *Id.* at 24.

H. Outreach and Marketing

An assessment of the HECO Companies' outreach efforts to inform, promote, and encourage participation in the CBRE Phase 1 program concludes that it “was substantial, but somewhat narrow in scope.”<sup>21</sup> The efforts mainly focused on mainstream news media, energy

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<sup>21</sup> *See* IO Report at 7.

industry associations, policy-oriented entities, and some non-profit organizations, but did not target groups such as energy developers, condominium homeowners boards or community organizations such as homestead associations and did not extend to U.S. mainland areas.

The Joint Parties highlight Act 100's considerations for customers who are not able to participate directly in renewable energy initiatives (e.g., apartment renters, condominium owners and occupants), underrepresented populations such as LMI customers, and community-based entities such as nonprofit organizations, schools, and churches. The Joint Parties strongly recommend that the outreach and marketing effort for the CBRE Phase 2 be both greatly expanded, and at the same time clearly focused to reach and attract those target constituencies. These include but are not limited to the following, many of which comprise possible CBRE program subscribers:

- Residential apartment building owners and operators, and management companies that manage such apartment buildings.
- Residential condominium associations, through their homeowners associations and boards of directors, and condominium management companies.
- Building industry trade association, including the Building Industry Association of Hawai'i.
- Energy project developers, especially those known to the HECO Companies through prior contacts, negotiations, power purchase agreements and other arrangements with the HECO Companies, whether such developers are located in Hawai'i or outside of Hawai'i (i.e., U.S. mainland, foreign countries) and regardless of the technology involved.
- Energy project developer trade and professional associations and organizations located in Hawai'i, such as the Hawai'i Solar Energy Association, as well as such associations and organization based on the U.S. mainland.
- Community organizations, neighborhood associations, schools, educational facilities, churches and similar organizations that might be interested in CBRE projects (e.g., solar PV system on school, church, or community building roofs) and may have members who would be so interested.

- Real estate developers of residential subdivisions, planned unit developments, and other multi-family structures to determine if they might be interested in incorporating a CBRE project in an upcoming development, or if they might have leads to potentially interested developers.
- Large landowners in Hawai‘i, particularly those with residential development missions or plans, such as the Department of Hawaiian Homelands.

There may be other potential target constituencies that might be identified, including those that the above contacts might identify. Such outreach would be in addition to broader promotional and educational efforts (e.g., promotional stories in major statewide, regional and island newspapers and publications in Hawai‘i). The target constituencies mentioned above appear to be the most likely to be interested in developing, or subscribing to, CBRE Phase 2 projects. However, the most important target group consists of proven project developers who would be interested in and capable of developing effective CBRE projects in Hawai‘i.

#### I. Coordination with the GEMS Program

On July 29, 2019, a “Permitted Interaction Group” provided recommendations to the Hawai‘i Green Infrastructure Authority (“HGIA”) on how remaining Green Energy Market Securitization (“GEMS”) funds should be utilized.<sup>22</sup> The HGIA board is tentatively scheduled to vote on these recommendations at its August 2019 meeting. The group recommended that eligibility for GEMS financing should focus on LMI households and other underserved energy consumers. The group thus recommended three eligible market segments: (i) single-family residential; (ii) multi-family residential rental; and (iii) non-profit. For these eligible segments, the group recommended that HGIA seek permission from the Commission to finance CBRE subscriptions. The group also discussed the potential benefits of utilizing the GEMS on-bill

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<sup>22</sup> Available at [https://gems.hawaii.gov/wp-content/uploads/2019/07/Report-of-the-Permitted-Interaction-Group\\_Final.pdf](https://gems.hawaii.gov/wp-content/uploads/2019/07/Report-of-the-Permitted-Interaction-Group_Final.pdf).

financing/repayment mechanism in conjunction with CBRE subscriptions. The Joint Parties echo these recommendations, in hope that GEMS financing can make CBRE more accessible for low-income subscribers. The Joint Stakeholders also urge the Commission to recognize the potential value of utilizing an on-bill repayment mechanism as a way to consolidate CBRE credits and subscriber payments, particularly for subscriber organizations serving low-income populations.

### III. CONCLUSION


The Joint Parties again thank the Commission for this opportunity to submit comments and encourage the Commission's continued efforts to promote the expeditious and broadly successful implementation of the CBRE program.

DATED: Honolulu, Hawai'i August 19, 2019.



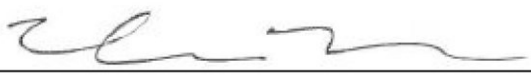
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MELISSA MIYASHIRO  
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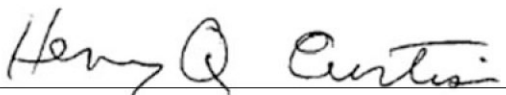
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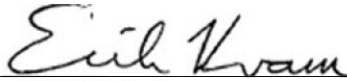
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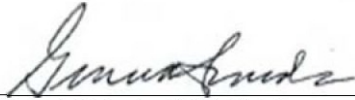
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I hereby certify that on this date, a copy of the foregoing document was duly served upon the following individuals by placing a copy of same in the United States Mail, postage prepaid, as follows:

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